



2008 Retiree Health Insurance Program Update

The Arizona State Retirement System (ASRS) recently completed negotiations with PacifiCare, our retiree medical insurance provider. PacifiCare has provided various medical plans to ASRS retirees since 1989. They have been either the sole provider or in combination with other carriers over time. Since 2001, PacifiCare has been the sole provider. We are pleased to announce the following outcomes:

- 2007 premiums and plan provision will remain unchanged for 2008, except for the non-Medicare PPO plan.
- Regarding the PPO plan: Premiums and plan provisions will revert to the plan in effect during 2006 (premiums will reduce and plan provisions will be more beneficial for our enrolled retirees).
- The PPO plan will change effective July 1, 2007 and premiums will remain unchanged through 2008 (an 18 month freeze on premiums), .
- The only PPO plan provision that will change effective January 1, 2008 will be the prescription drug co-payment (they will go from \$10 for generic and \$20 for brand name drugs to \$20 for generic and \$40 for brand; this change will bring the PPO plan prescription drug co-payment into conformity with the other prescription drug co-pays in effect for our other plans).
- The level of deductible satisfied by PPO plan members through June 30 will carry over to the new plan on July 1 to be applied to the new plan's lower deductible.
- The ASRS will hold a special enrollment in May 2007 to do two things: inform our non-Medicare eligible retirees in both urban and rural Arizona of this change and allow them to elect to enroll in the PPO plan should they wish to do so; and, inform our currently enrolled PPO plan members of the reduction in premium, the reduction in deductible, and the improvement in plan provisions that will automatically take effect on July 1, 2007.

Other significant PPO plan changes:

- A single in-network and out-of-network calendar year deductible applies instead of separate deductibles.
- Decreased co-payments for doctor, specialist visits and routine physicals.
- Lower out-of-pocket maximum before PPO benefits are paid at 100%.
- Decreased co-payments for prescription drugs (from 7/1/07 through 12/31/07).

The ASRS is also pleased to announce that the Assurant retiree dental plans' 2007 premiums and provisions will remain unchanged for 2008.